

ASSISTANCE COORDINATION UNIT

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013

Assistance Coordination Unit

The financial statements with an independent auditor's report
For the year ended
31 December 2013

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ASSISTANCE COORDINATION UNIT (“ACU”)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Current Assets			
Cash and cash equivalents	10	7,326,661	-
Receivables	6	78,810	-
Inventories	5	2,158,933	-
Prepaid expenses	7	1,148,100	-
Other receivables	8	196,177	-
Total Current Assets		10,908,681	-
Non-Current Assets			
Tangible fixed assets	9	-	-
Electronic systems to automate ACU works	4	275,258	-
Total Non-Current Assets		275,258	-
Total Assets		11,183,939	-
Current Liabilities			
Trade payables	11	193,151	-
Other trade payables	12	860,580	-
Total Current Liabilities		1,053,731	-
Provided grants for relief & sustainable projects		10,130,208	-
Total Liabilities		11,183,939	-

ASSISTANCE COORDINATION UNIT (“ACU”)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

Revenue	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Cash Grants			
Foreign Ministry of Qatar		35,000,000	-
United States of America		1,855,036	-
United Arab Emirates - Coalition Presidency		1,499,985	-
France		1,431,486	-
United Arab Emirates		625,765	-
Syrian National Coalition		300,000	-
Croatia		167,009	-
United Kingdom - DFID		75,762	-
Netherlands		66,970	-
Cash grants from miscellaneous relief NGOs	13	35,800	-
Sweden - ILAC		11,488	-
Total Cash Grants		41,069,301	-
Contributions & Grants in Kind			
Saudi Arabia		9,252,916	-
United Arab Emirates		4,497,600	-
United Kingdom		3,113,066	-
United States of America		2,955,010	-
Other donors	14	366,470	-
France		323,206	-
In kind grants from miscellaneous relief NGOs	15	48,080	-
Total Contributions & Grants in Kind		20,556,348	-
Other Revenue			
Donation from charity event		68,066	-
Total of Other Revenue		68,066	-
Total of Main Activity Revenue		61,693,715	-

ASSISTANCE COORDINATION UNIT (“ACU”)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Disbursements to ACU objectives			
Food aid in cash		12,181,321	-
Assistance in kind "housing and harboring"		8,677,635	-
Food aid in kind (food baskets - flour - milk)		6,244,970	-
Medical relief projects		5,237,762	-
Local Council service projects in coordination with the Local Administrative Council Unit		3,871,348	-
Assistance in kind "equipment and tools"		3,146,975	-
Support for infrastructure and stabilization projects		2,596,423	-
Cash wire to Syrian National Coalition		1,499,985	-
Education projects		1,287,972	-
Housing and shelter projects		1,236,444	-
Workers and distribution expenses for the shipping of goods into Syria		394,972	-
Projects in the camps		359,172	-
Administrative expenses to Local Administrative Council Unit with Syrian coalition in Jordan		146,938	-
Project & staff training expenses inside Syria for the Information Management		97,995	-
Total of Objectives Disbursements		<u>46,979,912</u>	-
Gross of Provided Grants & Assistance		<u>14,713,803</u>	-
General and administrative expenses	16	4,583,595	-
Net of Provided Grants and Assistance		<u>10,130,208</u>	-

ASSISTANCE COORDINATION UNIT (“ACU”)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

	<u>Notes</u>	<u>31 December</u> <u>2013</u>
OPERATING ACTIVITIES		
Surplus for the year		10,130,208
Adjusted for		
Depreciation	9	243,363
Loss of disposal of fixed assets		-
Interest received		-
		<u>10,373,571</u>
Movements in working capital:		
Increase in receivables	6	(78,810)
Increase in inventories	5	(2,158,933)
Increase in prepaid expenses	7	(1,148,100)
Increase in other receivables	8	(196,177)
Increase in Electronic systems to automate ACU works	4	(275,258)
Increase in trade payables	11	193,151
Increase in other trade payables	12	860,580
Net cash generated by operating activities		<u>7,570,024</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments to acquire fixed assets	9	(243,363)
Proceeds from disposal of fixed assets		-
Interest received		-
Net cash used by investing activities		<u>(243,363)</u>
INCREASE/DECREASE IN CASH IN THE YEAR		
Cash at the beginning of the year		<u>-</u>
CASH AT THE END OF THE YEAR	10	<u>7,326,661</u>
REPRESENTED BY:		
Cash and cash equivalents	10	<u>7,326,661</u>

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

1. ACU’s Background

- a. Assistance Coordination Unit “ACU” is located and registered in accordance with the law of associations number 5253 legally in Turkey under name "Association of Syrian Assistance Coordination Unit" with registration number 27-016-110. ACU’s headquarters is located in Gaziantep, Turkey. There are also offices in other cities in Turkey and in other countries. As of 31 December 2013 ACU has 262 employees, assigned in different locations.
- b. The ACU has been established to coordinate much needed support to the victims of the Syrian humanitarian crisis. Provision of assistance is impartial and neutral, regardless of ethnic origin, religious affiliation, or political beliefs. In addition, aid is coordinated in accordance to international standards and humanitarian principles & law, which suggests that aid is granted on the basis of need. Since establishment, the ACU facilitates and supervises distribution of urgent humanitarian aid, including pharmaceuticals and food items, to cities & towns across Syria. The ACU cooperates with local councils and local relief organizations, donors & international relief organizations, and local and international non-governmental organizations to identify needs and link donors with actors on the ground. Thus, the ACU plays an important role in highlighting Syria’s urgent humanitarian needs, producing high-caliber and professional technical assessments of humanitarian and relief needs.

2. ACU’s objectives, mission, and vision

Since establishment, the ACU conducts the following processes:

- a. Mobilize, coordinate, and influence humanitarian aid and development assistance for the Syrian people. The ACU will build on existing networks and seek to broaden partnerships for effective delivery of aid.
- b. Furthermore, the ACU works to rapidly coordinate delivery of aid inside Syria via operations in southern Turkey, Lebanon, Jordan, and Iraq. Its offices and staff aim to coordinate aid from others and deliver aid themselves when gaps or issues are identified. This includes mobilizing resources from international donors, and cooperating with the Etilaf and local councils to equitably channel resources.

The mid-term objectives of the ACU are:

- a. Ensure effective coordination of international aid to all accessible areas, and ensure areas in most need of assistance.
- b. Work with international supporters & donors to increase the volume of aid entering Syria, and to coordinate its safe delivery to the local partners and not to those who would use the aid for political gain.
- c. Deliver humanitarian and non-humanitarian aid, in increasing quantities, to local councils and relief committees on the ground in an effort to support civil administrations, housing groups, and communities with demonstrated or proven need.
- d. Build an effective aid delivery network on the ground, via the information management unit. This is to ensure that aid from the ACU, local offices, and international partners are delivered quickly and appropriately. The ACU has been able to establish itself in a very short period as the leading organization for coordinating and facilitating delivery of assistance to people inside of Syria.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

3. Significant Accounting Policies

a. Preparation

Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting policies referenced in the preparation of interim financial statements, are consistent with the policies referenced in the preparation of the 31 December 2013 financial statements.

b. Application

Financial statements include disclosures and information for fiscal year 2013. It represents work results & outcomes for the year, which ended on 31 December 2013.

c. Recognition of Income

- (i) Grant income from donors, in furtherance of the charity’s objects is accounted for on an accrual basis.
- (ii) Public donations and similar income are recognized when received.
- (iii) Where valuation can be measured with reasonable certainty, grants in kind, such as food baskets and medical supplies, and hygiene baskets are recognized in full as income in the year of receipt. Valuations of grants in kind are based on the unit cost to the donor. If such a valuation is not available, reasonable prevailing market rates are used.

d. Recognition of Expenditure

- (i) Expenditure is recognized in the period to which it relates. Expenditure incurred but unpaid at the balance sheet date is included in accruals and other creditors.
- (ii) Distributions to beneficiaries of donations in kind, such as food baskets and medical supplies, and hygiene basket are recognized as expenditure in the year of distribution. Valuations of donations in kind are based on the unit cost to the donor. If such a valuation is not available, reasonable prevailing market rates are used.

e. Inventories

Stocks of purchased aid commodities are stated at cost or net realizable value. Cost is the expenditure incurred on the commodities in stock. Net realizable value is based on normal market selling price, less further costs expected to be incurred to completion and distribution.

Stocks received as donations in kind which are on hand at the balance sheet date, are stated at the lower of cost to the donor, or net realizable value. However ACU’s stocks are held for free distribution rather than sale.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

3. Significant Accounting Policies (cont'd)

f. *Tangible Fixed Assets*

Tangible fixed assets are stated at cost and fully depreciated as an expense. So, fixed assets net book value stated as null in the financial statements.

g. *Foreign Currency*

The US Dollar is the currency referenced in financial statements, which is also the main currency used by the ACU, in accordance to international accounting standard No. 21; to disclose Functional Currency by “Reporting Currency”.

Transactions in foreign currencies during the year are translated at the exact exchange rate of the transaction date. Foreign currency balances, and financial assets and financial liabilities denominated in foreign currencies, held at the year-end have been translated at the rate of exchange ruling at the balance sheet date. The year ended foreign currency evaluation translated in accordance to Central Bank of Turkey official rates as of 31 December 2013.

h. *Taxation*

No charge to taxation arises due to the exempt status of ACU.

4. Projects in progress – Electronic systems to automate ACU processes

As of 31 December 2013 compared to 2012, electronic systems undergoing setup and installation include the following systems;

- Communication Management Systems & Application
- Electronic Archiving System and Internal & External Correspondence
- Enterprise Resource Planning System (ERP).

Project in Progress	<u>2013</u>	<u>2012</u>
Electronic systems	275,258	-
Total	<u><u>275,258</u></u>	<u><u>-</u></u>

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

4. Projects in progress – Electronic systems to automate ACU processes (cont’d)

a. Communication Management Systems & Application:

The system will receive all communication in a centralized and systematic fashion, without reliance on individual, personal responses; thus, eliminating potential individual errors that may cause conflicts. In order to mitigate and minimize expected human error, ACU organize the reception of communication, information, and applications; relay applications to appropriate person(s); and follow-up on application until satisfactory completion. All ACU’s incoming communication & information must be dealt with intensive and utmost care, and without any distinction between contacts. Through this system, a user can receive up to 20 calls and follows up on calls and users who are responsible for the calls. After adoption of this clear system, the employee in charge of communications will be reminded consistently and continuously. In this case, it is shown that the highest level of service is provided to the Syrian people.

Electronic Archiving System & Internal & External Correspondence:

The most prominent success strategy for any organization is the establishment of a functional archive system, ideal for document storage optimization, without risking loss, damage, and information leakage. One must retrieve information from this system with ease in order to take appropriate decisions at the appropriate time, and enable correspondence of information in an effective, yet simple manner. A competent person should be able to access the appropriate document & information in the required time. This is ACU’s intended goal when establishing the Electronic Archiving & Internal & External Correspondence Systems. The ACU will be able to archive and integrate all its classified documents & information completely, without risking loss, damage, or information leakage. Thus, documents can be referenced easily and quickly to execute appropriate decisions at appropriate times. In addition, exchange of documents and information between ACU staff will be easy and only those who have authorization will view documents.

Enterprise Resource Planning System:

The purpose of this system is to effectively and thoroughly link all departments, speed up work and increase efficiency, making proper decisions via analysis of available data, increase staff performance, adjust financial matters, adjust project implementation, provision of accurate and proper reports to all parties regarding ACU’s activities, and many other real benefits which would undoubtedly raise the level of service for the devastated people of Syria.

5. Inventories

Inventories, such as in-kind grants are stored in ACU warehouses and subsequently distributed.

As of 31 December 2013 compared to 2012; (There are actual inventory statements)

Inventories	2013	2012
Warehouse inventory inside Syria	1,859,747	-
Warehouse inventory in neighboring countries	299,186	-
	2,158,933	-

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

6. Account Receivables

Receivable detail has given in below table as of 31 December 2013 as compared to 2012:

	<u>2013</u>	<u>2012</u>
Pending previous relief projects in Lebanon	302,949	-
Provision for doubtful debts for receivables*	(302,949)	-
Provisional Syrian Government**	30,330	-
Pending previous relief projects in Turkey***	48,480	-
Total	<u>78,810</u>	<u>-</u>

*Financial claim 1 (issue No. 101/s and date 08/10/2013) and financial claim 2 (issue No. 103/s and date 28/10/2013) have been issued to collect and settle outstanding amounts between this projects and the ACU with no success. The file has been forwarded from Financial Management & Internal Auditing Unit to ACU's legal department on 23/1/2014 for follow-up. Thus, provision of a bad debt account has been made in accordance with accounting principles.

**The Provisional Syrian Government (Mr. Ahmed Tohme's Government) took a short-term loan on 26/12/2013 and repayment has been made on 27/01/2014.

***The pending previous relief projects in Turkey which is 48,480 USD still outstanding till getting the documentations of it, dated first of 2013.

7. Prepaid Expenses

Prepaid expenses consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Polio vaccination campaign	520,602	-
Office rentals	19,112	-
Warehouse rentals	10,593	-
Housing allowances	10,500	-
Projects in progress in Lebanon*	587,293	-
Total	<u>1,148,100</u>	<u>-</u>

* The related amount is arised from the non-disbursed cash which is obtained for specific projects in Lebanon (such as winter clothes for displaced people project and educational fund for Lebanon). The remaining amount USD 587,293 will be disbursed in 2014.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

8. Other Account Receivables

Other account receivables consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Advances for relief & development projects*	125,572	-
Advances for workers	56,937	-
Accrued revenues/funds due (Chemonics grant)	10,000	-
Insurance paid for rental properties	3,668	-
Total	<u>196,177</u>	<u>-</u>

*The balance is consist of given advances for different relief and development projects and stand for approval hence the reconciliation of related advances has not been done on the system as of 31 December 2013.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

9. Non-current assets (Tangible Fixed Assets)

Non-current assets consist of the following as of 31 December 2013;

	Furnishings	Computers	Tools	Software	Renovations & equipment	Total
Cost	28,077	58,811	26,709	1,668	128,098	243,363
Additions	-	-	-	-	-	-
Total Assets	28,077	58,811	26,709	1,668	128,098	243,363
Former accumulated depreciation	-	-	-	-	-	-
Depreciation of 2013	28,077	58,811	26,709	1,668	128,098	243,363
Accumulated depreciation *	28,077	58,811	26,709	1,668	128,098	243,363
Net book value of 31 December 2013	-	-	-	-	-	-

*Depreciation premiums of tangible fixed assets have been calculated as of December 31, 2013 financial statements. Depreciation of 2013 calculated for each asset as of the date the asset put in the work. And it was depreciation for all assets in one go in the first fiscal year. It highlights the non-profit organizations on the depreciation of the value of those assets in the first financial report issued, because that all of the tangible fixed assets in ACU are received as grants.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

10. Cash & Cash Equivalents

Cash & cash equivalents consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Funds in bank *	7,074,509	-
Funds in hand **	252,152	-
Total	<u>7,326,661</u>	<u>-</u>

*Detail of funds in bank and includes following accounts;

Bank Name	<u>Balance equivalent in USD 2013</u>	<u>Original currency</u>
Türkiye Finans Bank	6,757,806	USD
Türkiye Finans Bank	263,460	TL
Jordan Dubai Islamic Bank	53,243	JOD

- All bank accounts are current accounts under demand deposits and withdrawals and are excluded from debit & credit interests.

**Detail of cash in hand as follows;

<u>Balance equivalent in USD 2013</u>	<u>Original currency</u>
166,055	USD
85,833	TL
195	JOD
69	CHF

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

11. Trade Payables

Trade payables consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Antakya Dafne for travelling services	4,768	-
Select company (electronic systems)	123,058	-
Liquidating the account of former manager of ACU in Lebanon*	65,325	-
Total	<u>193,151</u>	<u>-</u>

* The liquidating account to the former ACU office manager in one of the neighboring countries which was paid in the amount of 65,325 USD over two instalments; one was on 15 February 2014 and the second payment was on 24 March 2014.

12. Other Trade Payables

Other trade payables consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
ARBEL company*	558,685	-
Compensations	299,182	-
Phone, internet, water & electricity	1,077	-
ACU website fees	967	-
Car rental	669	-
Total	<u>860,580</u>	<u>-</u>

* Accrued amount to ARBEL A.Ş., of the food baskets and coats for internally displaced persons. And it's paid already to ARBEL A.Ş. on January 15, 2014.

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

13. Cash grants & Donations from a variety of relief organizations & bodies

Cash grants and donations from a variety of relief organizations and bodies consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Physicians Across Continents	10,800	-
Syrian Expatriate Medical Association	10,000	-
Khayr Syria	10,000	-
Union of Syrian Medical Relief Organization	2,500	-
Syrian American Medical Society (SAMS)	2,500	-
Total	<u>35,800</u>	<u>-</u>

14. Various Donations from Syrian People

Various donations from Syrian People consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Mattresses	20,000	-
Flour	177,600	-
Hygiene baskets	49,750	-
Milk	42,000	-
Blankets	30,000	-
Medical device	26,100	-
Pharmaceuticals/medications	21,020	-
	<u>366,470</u>	<u>-</u>

15. In-kind grants from various relief organizations and bodies

In kind grants from various relief organizations and bodies consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
In kind donation from NGO Human Appeal International	48,080	-
Total	<u>48,080</u>	<u>-</u>

ASSISTANCE COORDINATION UNIT (“ACU”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in US Dollars (USD) unless otherwise stated.)

16. General & Administrative Expenses

General & administrative expenses consist of the following as of 31 December 2013;

	<u>2013</u>	<u>2012</u>
Compensation for employee expenses	2,478,394	-
Office, financial, and banking expenses	564,045	-
Travel and stay, meeting, and conference	389,926	-
Paid grant by UK "DFID" for training ACU staff	307,228	-
Doubtful account receivables (debt)	302,949	-
Depreciation of tangible fixed assets	243,363	-
Services & consultation expenses	126,309	-
Moving & transportation expenses	99,307	-
Routine/regular expenses (phone, electricity, water, internet, rental, website)	69,434	-
Media, advertisement, and marketing expenses	2,640	-
Total	<u>4,583,595</u>	<u>-</u>

17. Subsequent Events

None.